

VZCZCXRO0323
RR RUEHCN RUEHGH RUEHVC
DE RUEHBJ #0801/01 0850837
ZNR UUUUU ZZH
R 260837Z MAR 09
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC 3103
INFO RUEHOO/CHINA POSTS COLLECTIVE
RHMFIUU/CDR USPACOM HONOLULU HI

UNCLAS SECTION 01 OF 02 BEIJING 000801

DEPARTMENT FOR INR/R/MR, EAP/CM, EAP/PA, EAP/PD, C
HQ PACOM FOR PUBLIC DIPLOMACY ADVISOR (J007)
SIPDIS

E.O. 12958: N/A
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SUBJECT: MEDIA REACTION: G20 SUMMIT, NORTH KOREA

Editorial Quotes

G20 Summit

a. "The U.S. rashly responds to China's suggestion"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(03/24): "The Director of the People's Bank of China suggested the creation of a super-sovereign international reserve currency. The influence of this article has continuously spread. U.S. Treasury Secretary Geithner and Federal Reserve President Bernanke have both reacted to the suggestion that the U.S. should give up the USD. It is surprising that many American officials reacted to this issue in such a sensitive way. The USD's importance to the national position of the U.S. can be compared to the power of the U.S. aircraft carriers whose presence is felt in many oceans.

Meanwhile, internationally, the public have given much understanding and sympathy towards this issue because China, as a country holding a large amount of American dollars, is airing its worries. Chinese analysts believe that although it would be difficult to create a new international reserve currency, it would not be impossible. China's decision to show its stance on the issue is obviously beneficial in reducing any wrong judgments on China's financial strategies. He Weiwen, from the American Economic Association of China, says that the dominant position of the U.S. dollar stands for America's dominance in the world. Therefore, America is very sensitive towards the suggestion of creating a super-sovereign international reserve currency.

After World War II, U.S. dollars played an active role in promoting global trade and economic development, however, the U.S. government has, consciously or unconsciously, misused the special international position of U.S. dollar when making domestic policies. Obama's series of measures to stimulate the capital flow reminds people of the way America traditionally handles its economic troubles: by over-issuing dollars in order to transfer the influence of the financial crisis to others. Chinese scholars say that America's domestic policies can significantly impact other countries, and that there are no hard restraints for U.S.

Such rights and responsibilities are unbalanced. He Weiwen also points out that the U.S. often utilizes the dominant position of U.S. dollar for its own benefit, especially during a crisis. Therefore, using the U.S. dollar as an international reserve currency is not at all reasonable. A researcher from China Institute of International Studies said that America will definitely secure the U.S. dollar's dominance at the G20. The U.S. should be aware that they need to stimulate the economy and think about international interests; otherwise, sooner or later the U.S. dollar will be abandoned."

b. "The U.S. used their detoxifying plan to 'give in' during the G20"

The official Xinhua News Agency international news publication International Herald Leader (Guoji Xianqu Daobao)(03/26): "Geithner has announced a plan that would help U.S. banks let go of their toxic assets. Finally, this plan has brought the support of the U.S. government. Chinese analysts are reminded that the objective of the U.S. is worth a second look given that his plan was put forward just before the G20 Summit. Wang Rongjun, from the Chinese Academy of Social Science, thinks that dealing with the toxic assets is one of the keys to stabilize the American financial market and solve the credit crunch problem.

This plan could provide help and is a much more targeted and more operable plan than the other financial stimulus plans. Though this plan is welcomed by the market, there are also questions regarding the side effects it may bring, especially concerning the issuing of loans which may result in a further devaluation of the U.S. dollar. An expert from Renmin University says that the top priority for the U.S. is to handle the short term problem--deflation, and deal with the long-term side effects when they appear.

However, other Chinese analyst thinks that this plan is a strategic move by the U.S. government. The financial strength of the U.S. is very powerful. By only looking at what is on the surface, one cannot see the real problems of the U.S. financial system. Before the G20, the U.S. is trying to tell the world that America is facing serious problems and hoping that other countries will invest their capital into the IMF. At this time, U.S. dominance in the world is threatened. We need to evaluate this plan based on long-term effect rather than short-term influence. When we analyze the whole thing, we should learn from past lessons and find out what the future concerns and intentions of U.S. are. The verity and the transparency

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of the U.S. stimulus packages are not good, which creates a lot of uncertainty for people."

North Korea

a. "North Korea plays the game 'farmer and the wolf' with the U.S. and Japan"

The official Xinhua News Agency international news publication International Herald Leader (Guoji Xianqu Daobao)(03/26): "Although North Korea insists that it will only launch a satellite, the U.S., Japan and South Korea believe that it will be a missile. U.S., Japan, and South Korea are in a dilemma. On the North Korean issue, the U.S. must consider the concerns of its allies. Japan had to make a large effort, based on their laws, in order to explain their intention to intercept North Korea's missile. According to Japanese law, they are allowed to shoot down a missile if it is aimed at Japan. However, Japan hopes not to have to take this action, intensifying the situation with North Korea. South Korea, without relatively efficient anti-missile measures is worried about North Korean troops aiming at its capital and standing at its border. It is like a "mouse in a blower", who has to suffer the threats from both sides. America's "red line" can't stop the North Korean satellite. The U.S.-North Korean relationship is like that of the game 'farmer and the wolf'. The farmer told the wolf not to steal more than 5 chickens. If the wolf steals only four chickens, the farmer can only admit that fact by having to adjust his own behavior. This is just like what has happened in the U.S.-North Korea nuclear negotiations. North Korea will absolutely have reason to "be the one who laughs the loudest" on the issue of "launching a satellite".

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